

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02472A
Mescal Lakes Water Systems Inc.
P.O. Box 85160
Tucson, AZ 85754

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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2-7-11

COMPANY INFORMATION

Company Name (Business Name) Mescal Lakes Water Systems, Inc.

Mailing Address P. O. Box 85160
(Street)

Tucson

AZ

85754

(City)

(State)

(Zip)

520-623-5172

520-792-0377

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address Same as above
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

☐ **Management Contact:** Southwestern Utility Management, Inc.
(Name) (Title)

2102 N. Forbes Blvd #107 Tucson AZ 85745
(Street) (City) (State) (Zip)

520-623-5172

520-792-0377

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

On Site Manager: Keith Dojaquez

(Name)

2102 N. Forbes Blvd #107

Tucson

AZ

85745

(Street)

(City)

(State)

(Zip)

520-623-5172

520-792-0377

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Ezra H. Lewis

(Name)

2102 N. Forbes Blvd., #107

(Street)

Tucson

(City)

AZ

(State)

85745

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☒ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☒ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	104	---	104
302	Franchises	250	----	250
303	Land and Land Rights	9063	---	9063
304	Structures and Improvements	34243	10816	23427
307	Wells and Springs	71569	30981	40588
311	Pumping Equipment	99926	39407	60519
320	Water Treatment Equipment	1562	223	1339
330	Distribution Reservoirs and Standpipes	127325	58052	69273
331	Transmission and Distribution Mains	543815	353240	190575
333	Services	106366	50090	56276
334	Meters and Meter Installations	51449	28326	23123
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1045672	571135	474537

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	104		
302	Franchises	250		
303	Land and Land Rights	9063		
304	Structures and Improvements	34243	5%	1233
307	Wells and Springs	71569	5%	2136
311	Pumping Equipment	99926	5%	3185
320	Water Treatment Equipment	1562	5%	71
330	Distribution Reservoirs and Standpipes	127325	5%	3646
331	Transmission and Distribution Mains	543815	5%	10030
333	Services	106366	5%	2962
334	Meters and Meter Installations	51449	5%	1217
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1045672		24480

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

Less: Amortization of Contributions in Aid of Construction
 *Depreciation for 2010 as calculated on O.C.L.D. x 5%

(188)
\$24292

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 45014	\$ 42162
134	Working Funds		
135	Temporary Cash Investments	270917	310874
141	Customer Accounts Receivable	23389	24280
146	Notes/Receivables from Associated Companies	---	
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		10000
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 339320	\$ 387316
	FIXED ASSETS		
101	Utility Plant in Service	\$1038933	\$1045672
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(546655)	(571135)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 492278	\$ 474537
	TOTAL ASSETS	\$ 831598	\$ 861853

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$(12)	\$ 5393
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	52975	54117
236	Accrued Taxes	387	571
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 53350	\$ 60081
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 353882	\$347581
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	145973	145973
272	Less: Amortization of Contributions	(142211)	(142399)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 357644	\$ 351155
	TOTAL LIABILITIES	\$ 410994	\$ 411236
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	159638	159638
215	Retained Earnings	260866	290879
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 420604	\$ 450617
	TOTAL LIABILITIES AND CAPITAL	\$ 831598	\$ 861853

1/1/10 Retained Earnings

260866

Net Income 2010

32913

Dividends Paid--2010

(2900)

12/31/10 Retained Earnings

290879

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$201469	\$ 210033
460	Unmetered Water Revenue		
474	Other Water Revenues	1275	4708
	TOTAL REVENUES	\$202744	\$214741
	OPERATING EXPENSES		
601	Salaries and Wages		
610	Purchased Water		
615	Purchased Power	\$18279	\$17913
618	Chemicals	1845	1799
620	Repairs and Maintenance	3375	5739
621	Office Supplies and Expense	5126	6099
630	Outside Services	90293	87371
635	Water Testing	2113	3774
641	Rents		
650	Transportation Expenses	14289	14581
657	Insurance – General Liability	7575	7749
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		50
403	Depreciation Expense	25217	24292
408	Taxes Other Than Income		
408.11	Property Taxes	9431	13538
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 177543	\$ 182905
	OPERATING INCOME/(LOSS)	\$ 25201	\$ 31836
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 925	\$ 22
421	Non-Utility Income	1264	1092
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(129)	(37)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 2060	\$ 1077
	NET INCOME/(LOSS)	\$ 27261	\$ 32913

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 30384.50
Meter Deposits Refunded During the Test Year	\$ 4449.00

COMPANY NAME Mescal Lakes Water Systems, Inc.	
Name of System:	ADEQ Public Water System Number: 02-052

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-800432	15	100	480	8	2	1975
55-561268	15	140	400	8	2	1997
55-208498	15	150	493	12	2	2005

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	2	5000	1
50,000	1	3000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Mescal Lakes Water Systems, Inc.	
Name of System:	ADEQ Public Water System Number: 02-052

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3	PVC	1,870
4	PVC	19,415
5		
6	PVC	45,076
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X ¾	542
3/4	2
1	7
1 1/2	
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Two Chlorinators

STRUCTURES:

770' of 6' Chain Link Fence and 24' x 36' Building

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Mescal Lakes Water Systems, Inc.	
Name of System:	ADEQ Public Water System Number: 02-052

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	508	2096	2223	
FEBRUARY	506	1725	1888	
MARCH	507	1968	1861	
APRIL	507	2282	2488	
MAY	505	2557	2660	
JUNE	505	3971	4109	
JULY	501	3570	3869	
AUGUST	503	3181	3114	
SEPTEMBER	499	2659	2786	
OCTOBER	502	3027	3191	
NOVEMBER	506	2339	2059	
DECEMBER	505	2154	2310	
TOTALS →		31,529	32,558	

What is the level of arsenic for each well on your system? 0.004 & 0.0056mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (x) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ () Yes ☒ (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ () Yes ☒ (x) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Mescal Lakes Water Systems, Inc.	
Name of System:	ADEQ Public Water System Number: 02-052

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		6	
FEBRUARY		6	
MARCH		4	
APRIL		0	
MAY		8	
JUNE		2	
JULY		0	
AUGUST		9	
SEPTEMBER		4	
OCTOBER		6	
NOVEMBER		6	
DECEMBER		5	
TOTALS →		56	

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 13537.82

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME MESCAL LAKES WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.




SIGNATURE OF OWNER OR OFFICIAL

520-623-5172

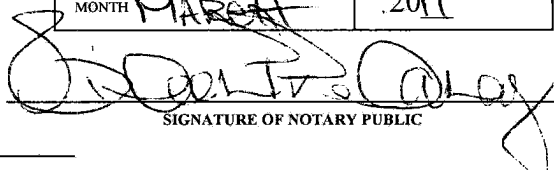
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS **30** **DAY OF** **DECEMBER**
 **NOTARY PUBLIC - ARIZONA**
PIMA COUNTY
(SEAL) Commission Expires
May 14, 2012

COUNTY NAME PIMA	
MONTH MARCH	YEAR 2011



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES **MAY 14, 2012**

COMPANY NAME Mescal Lakes Water Systems, Inc. YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported S-Corporation
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported S-Corporation
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/2/11
DATE

Bonnie O'Connor
PRINTED NAME

Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME MESCAL LAKES WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 229449

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 14708
IN SALES TAXES BILLED, OR COLLECTED)**

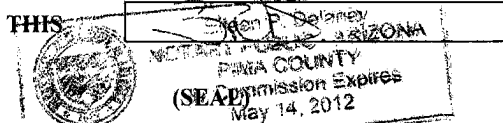
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
520-623-5122
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME PIMA	
MONTH MAY	YEAR 2011



DAY OF

MY COMMISSION EXPIRES MAY 14, 2012

See Accountants' Report.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) PIMA
NAME (OWNER OR OFFICIAL) TITLE BONNIE O'CONNOR, MANAGER
COMPANY NAME MESCAL LAKES WATER SYSTEMS, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 225120.16

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 14406.25
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

520-623-5772
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

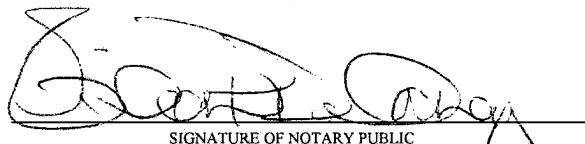
30

DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME EILEEN DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	20 11


SIGNATURE OF NOTARY PUBLIC

11:10 AM

02/11/11

Mescal Lakes Water Systems, Inc.
Bill Payments for Marsha Bonham - Cochise Co. Treasurer
January through December 2010

Type	Num	Date	Amount
Jan - Dec 10			
Bill Pmt -Check	2460	10/6/2010	4,353.91
Bill Pmt -Check	2461	10/6/2010	93.27
Bill Pmt -Check	2344	2/26/2010	4,557.48
Bill Pmt -Check	2345	2/26/2010	85.98
Jan - Dec 10			<u>9,090.64</u>

Parment

2010 FIRST HALF PAYMENT COUPON

Due **October 1, 2010**

MESCAL LAKES WATER SYSTEM

Parcel Number: 938-60-970 9 Roll Number: 0122004

Due Date First Half Payment

Due Date Second Half Payment

Due Date Full Year Payment

Due Date Property Tax Notice of \$100 or less must be paid in full during the first payment coupon, due on November 1, 2010 at 5:00 P.M.

Due Date Year Payment for billed amounts

Due Date 2011 and no interest will be

Due Date Full Year Payment with

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

TO PAY 1ST HALF ONLY PAY 4,353.91

TO PAY FULL YEAR TAX PAY 8,707.82

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.



0293860970009000000435391



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2010 9386097009 1 000000870782000000435391

2460

MESCAL LAKES WATER SYSTEMS, INC.

P.O. BOX 85160
TUCSON, ARIZONA 85764
(520) 623-5172

Wells Fargo Bank, N.A.
Tucson, AZ 85745

91 527-1221

10/6/2010

Marsha Bonham - Cochise Co. Treasurer

\$ 4,353.91

Four Thousand Three Hundred Fifty-Three and 91/100 DOLLAR

Marsha Bonham -
Cochise Co. Treasurer
PO Box 1778
Bisbee AZ 85603-2778

VOID AFTER 90 DAYS

Parcel# 938-60-970 9

002460 12210527816298530210

MESCAL LAKES WATER SYSTEMS, INC.

2460

Marsha Bonham - Cochise Co. Treasurer

10/6/2010

Date	Type	Reference	Original Amt	Balance Due	Discount	Payment
10/6/2010	91	938-60-970 9 1st	4 353.91	4 353.91		4 353.91
				Check Amount		4 353.91

Wells Fargo Bank

Parcel# 938-60-970 9

4 353.91

2010 9386097009 2 00000087078200000435391

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85803-2778



028386097000000000435391

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

Parcel Number: 938-60-970 9 Roll Number: 0122004
Mescal Lakes Water System
Due March 1, 2011
Frequency Date Second Half Payment
Monthly for late payment is 15% per year
Month for payments postmarked after 5:00 PM, May 2, 2011 (ARS 42-18052 and ARS 42-18053)

Parcel Number: 938-60-970 9 Roll Number: 0122004
Mescal Lakes Water System
Due March 1, 2011

2

4,353.91

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85803-2778

Payment in U.S. Funds Only

DETACH AND RETURN WITH PAYMENT

2010 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	PRIMARY PROPERTY TAX	
938-60-970 9	0970	6.7275	4.2322		5,467.44	
	VALUE IN DOLLARS	ASSTMT %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX
LIMITED LAND, BLDGS, ETC	21,888	21.0	4,680	0	6.7275	308.80
LIMITED PERSONAL PROPERTY	365,141	21.0	76,680	0	6.7275	5,155.84
LIMITED TOTALS	387,000		81,270	0		5,467.44
FULL CASH LAND	0,000	21.0	1,890	0	4.2322	79.98
FULL CASH BUILDINGS, ETC	12,888	21.0	2,700	0	4.2322	114.27
FULL CASH PERSONAL PROPERTY	365,141	21.0	76,680	0	3.9728	3,048.12
FULL CASH TOTALS	387,000		81,270	0		3,240.38
					TOTAL TAX DUE FOR 2010	8,707.82

JURISDICTION	2009 TAXES	2010 TAXES
02000 COCHISE COUNTY	0.00	2,135.45
02001 STATE SCHOOL TAX EDU	0.00	289.65
07009 BENSON SD #9	0.00	3,448.54
08150 COCHISE COUNTY JUNIO	0.00	1,299.02
10252 SAN PEDRO VALLEY HOS	0.00	731.43
11217 MESCAL-J-SIX FD	0.00	568.97
11900 FIRE DISTRICT ASSIST	0.00	64.28
14900 COCHISE COUNTY LIBRA	0.00	117.92
15000 COCHISE COUNTY FCD #	0.00	11.92
30000 COCHISE CNTY JOINT T	0.00	40.64

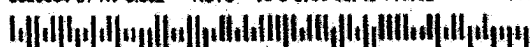
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TOTALS 0.00 8,707.82

938-60-970 9

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PAGE 0001 OF 0001 00036486



Mescal Lakes Water System
EZRA H LEWIS/OWNER
2102 N. FORBES, SUITE 107
TUCSON AZ 85745-1441

PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2010. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011 and no interest will be charged for current year.

Make your check payable to and mail to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85803-2778

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

2010 12415626 8 2 000000018540000009327

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778



0212415626008000000008327

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

Frequency (late payment is 16% per year
Monthly for payments postmarked after 5:00
P.M. May 2, 2011 (ARS 42-18052 and ARS
42-18053)

93.27

Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2

Due March 1, 2011
Mescal Lakes Water Systems Inc
Parcel Number: 124-15-626 8 Roll Number: 0064204

DETACH AND RETURN WITH PAYMENT

2010 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	PRIMARY PROPERTY TAX	
124-15-626 8	0970	6.7275	4.2322		105.28	
VALUE IN DOLLARS	ASST. %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX	LESS STATE AID TO EDUCATION
9,782	18.0	1,666	0	6.7275	105.28	0.00
0	0.0	0	0	0.0000	0.00	NET PRIMARY PROPERTY TAX
9,782		1,666	0		105.28	105.28
12,000	18.0	1,920	0	4.2322	81.26	SECONDARY PROPERTY TAX
0	0.0	0	0	0.0000	0.00	
0	0.0	0	0	0.0000	0.00	SPECIAL DISTRICT TAX
0	0.0	0	0	0.0000	0.00	
12,000		1,920	0		81.26	TOTAL TAX DUE FOR 2010
						186.54

JURISDICTION

	2009 TAXES	2010 TAXES
02000 COCHISE COUNTY	37.61	41.12
02001 STATE SCHOOL TAX EQU	4.70	5.58
07009 BENSON SD #9	74.35	73.85
08150 COCHISE COUNTY JUNIO	22.87	25.01
10252 SAN PEDRO VALLEY HOS	13.68	17.28
11217 Mescal-J-SIX FD	10.50	13.44
11900 FIRE DISTRICT ASSIST	1.33	1.52
14900 COCHISE COUNTY LIBRA	2.21	2.79
15000 COCHISE COUNTY FCD #	3.95	4.99
30000 COCHISE CNTY JOINT T	0.76	0.96

hand 9-29
entered 9-29

TOTALS 171.96 186.54

124-15-626 8

0055593 01 AT 0.354 **AUTO HP 0 0786 85754-510000

PAGE 0001 OF 0001 00065542

Mescal Lakes Water Systems Inc
P O BOX 85180
TUCSON AZ 85754-5180

PAYMENT INSTRUCTIONS

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Bisbee AZ 85603-2778

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

To the Board of Directors
Mescal Lakes Water Systems, Inc.
Tucson, AZ 85745

We have compiled the balance sheets of Mescal Lakes Water Systems, Inc., as of December 31, 2010 and 2009 and the related statements of income and expense for the years then ended included in the accompanying prescribed form. We have also compiled the supplementary information presented in the prescribed form. We have not audited or reviewed the accompanying financial statements and supplementary information, and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with the form prescribed by the Arizona Corporation Commission--Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with requirements prescribed by the Arizona Corporation Commission--Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission--Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

Holm, Hestand, Valenzuela CPAs P.C.

February 11, 2011